

Message Text

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INFO OCT-01 EUR-12 ISO-00 FEA-01 AGR-05 CEA-01 CIAE-00

COME-00 DODE-00 EB-07 FRB-03 H-02 INR-07 INT-05 L-03

LAB-04 NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15

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DRAFTED BY TREASURY:RSELF:DP

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EB/OFPP/FPD:FMCELDOWNEY

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EUR/RPE:ECASEY

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FM SECSTATE WASHDC

TO AMEMBASSY DUBLIN PRIORITY

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E.O. 11652: GDS

TAGS: EPAP, ETRD, MU

SUBJECT: EC BEEF COUNTERVAIL ACTION

1. WE HAVE CAREFULLY CONSIDERED THE REQUESTS OF THE PRIME MINISTER AND MINISTER FITZGERALD TO WITHHOLD PRELIMINARY ACTION ON EC (IRISH) BEEF IMPORTS. WHILE THE CIRCUMSTANCES ARE SOMEWHAT REGRETTABLE ESPECIALLY IN VIEW OF THE RELATIVELY SMALL QUANTITY INVOLVED, TREASURY FEELS IT HAD NO CHOICE BUT TO GO FORWARD WITH THE PRELIMINARY ACTION WHICH WAS ANNOUNCED 31 MARCH AND PUBLISHED IN FEDERAL REGISTER 1 APRIL.

2. THERE HAS BEEN SOME MISUNDERSTANDING REGARDING THE LIMITED OFFICIAL USE

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BASIS ON WHICH TREASURY TOOK THIS ACTION, WHICH TREASURY

WISHES TO CLARIFY. THE IRISH ARE OF THE BELIEF THAT TREASURY'S ACTION IS BASED ON INFORMATION BROUGHT TO ITS ATTENTION LAST WEEK BY THE STATE DEPARTMENT THAT THE REVISED FIGURE OF 1,113 TONS SUPPLIED BY GOI TO TREASURY SEVERAL WEEKS AGO WAS IN FACT 2,000 TONS. THE LATTER FIGURE REFLECTS THE QUANTITY OF IMPORTED IRISH BEEF CLEARED BY USDA'S MEAT INSPECTION SERVICE DURING 1976. THE IRISH WERE UNDER THE IMPRESSION THIS INFORMATION WAS

NOT TRULY ACCURATE FOR TREASURY'S CONSIDERATION SINCE IT REFLECTED 900 TONS OF 1975 SHIPMENTS, AND THAT TREASURY WAS CONCERNED ONLY WITH 1976 EXPORTS AS A BASIS FOR BRINGING COUNTERVAIL ACTION. IT HAS BEEN MADE CLEAR TO THE IRISH EMBASSY THAT TREASURY DETERMINED THAT IT HAD NO CHOICE BUT TO COUNTERVAIL ONCE IT RECEIVED INFORMATION THREE WEEKS AGO FROM THE IRISH THAT THE FIGURE OF 525 TONS, THE AMOUNT ORIGINALLY THOUGHT TO HAVE BEEN SHIPPED IN 1975, WAS IN FACT DOUBLE THAT AMOUNT.

3. IN LATE 1975 TREASURY PROVIDED WRITTEN ASSURANCES TO BOTH AMERICAN FARM BUREAU AND THE CATTLEMENT'S ASSOCIATION THAT IT WOULD TAKE IMMEDIATE REPEAT IMMEDIATE COUNTERVAILING ACTION SHOULD THERE BE ANY SHIPMENTS OF SUBSIDIZED EC BEEF IN 1976. THE IRISH AND THE EC COMMISSION WERE MADE AWARE OF TREASURY'S INTENTION TO COUNTERVAIL IF SUBSIDIZED SHIPMENTS WERE MADE. UPON LEARNING 525 TONS WERE EXPECTED IN 1976, TREASURY HAD GREAT DIFFICULTY CONVINCING THE FARM BUREAU TO AGREE TO WITHHOLD COUNTERVAILING ACTION BECAUSE OF PRIME MINISTER'S VISIT IN RETURN FOR 30 DAY MORATORIUM ON FUTURE SHIPMENTS. TREASURY FELT THAT IT WAS IN NO POSITION TO RETURN TO FARM BUREAU WITH REQUEST FOR FURTHER DELAY WHEN IT LEARNED THAT ACTUAL SHIPMENTS WERE TWICE ORIGINALLY REPORTED AMOUNT. WHILE TREASURY ACCEPTS THAT THE ORIGINAL FIGURE SUPPLIED BY THE IRISH WAS ATTRIBUTABLE TO AN HONEST STATISTICAL ERROR, TREASURY'S POSITION IN EFFECTUATING FUTURE ARRANGEMENTS OF THIS KIND WAS SERIOUSLY COMPROMISED.

4. FYI:BECAUSE OF OVERHANGING COUNTERVAILING DUTY QUESTION SINCE LATE LAST YEAR WE HAD NOT CONTEMPLATED FORMAL LIMITED OFFICIAL USE

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RESTRAINT LEVEL FOR IRELAND DURING 1976. INITIALLY WE CONTEMPLATED ZERO ESTIMATE AND SO INFORMED IRISH EMBASSY HERE. ON BASIS OF PLEAS FROM EC COMMISSION BRUSSELS WE SET FORTH FIGURE OF 8 MILLION POUNDS WHICH WE EXPLICITLY DESCRIBED AS CONTINGENT ESTIMATE IN EVENT PRICE DEVELOPMENTS LATE IN YEAR PERMITTED IRISH EXPORTS WITHOUT SUBSIDY. WE DID NOT IN FACT EXPECT SCH SHIPMENTS DURING 1976 SINCE WE DID NOT EXPECT THAT PRICE RELATIONSHIPS WOULD PERMIT IRISH

TO SHIP WITHOUT SUBSIDY AND THEY AND EC WERE CLEARLY INFORMED THAT TREASURY WOULD COUNTERVAIL IF SUBSIDIZED EXPORTS RECEIVED. WHEN IT BECAME CLEAR LAST WEEK THAT TREASURY WOULD COUNTERVAIL WE LOWERED ESTIMATE OF IRISH EXPORTS DURING 1976 FROM 8 MILLION POUNDS TO 4 MILLION POUNDS. END FYI.

5. FORMAL REPLIES ARE BEING PREPARED TO MESSAGES FROM PRIME MINISTER AND FOREIGN SECRETARY. KISSINGER

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Margaret P. Grafeld
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